



FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE & HEALTH SERVICES

DORSET ROAD INFANT SCHOOL AUDIT FOR 2014-15

Issued to: Jean Hiller, Headteacher

Cc: Tim Edwards, Chair of Governors
Schools Finance Team (Final report only)

Prepared by: Principal Auditor

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DORSET ROAD INFANT SCHOOL AUDIT 2014-15

INTRODUCTION

1. This report sets out the results of our internal audit review of Dorset Road Infant School carried out in quarter 1 of 2014/15. The school had planned to convert to academy status on the 01 August 2014, however subsequently audit were notified that the conversion had now been postponed.
2. The purpose of this visit is to identify any issues which need to be resolved prior to proposed closure of the accounts, therefore appropriate audit testing was carried out. Due to the delay in conversion to academy status there will have to be another closure audit at the time the Schools converts.
3. The controls we expect to see in place are designed to minimise the school's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
4. The original scope of the audit was outlined to the school prior to the review. The period covered by this report is from July 2013 to July 2014.

AUDIT SCOPE

5. The scope of the audit was to review transactions for the period 10 July 2013 to 10 July 2014 and included payments, leases and contracts, payroll, bank reconciliations and the Commercial Transfer Agreement.

AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls in areas reviewed. Definitions of the audit opinions can be found in Appendix A.

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MANAGEMENT SUMMARY

7. While on site audit sampled primary accounting documents including: expenditure, leases and contracts, payroll records and bank reconciliations. The samples were selected from the period 10 July 2013 to 10 July 2014. There were no issues arising from the testing carried out.
8. Audit also considered the Commercial Transfer Agreement, which has been prepared however due to the postponement of conversion the document was not signed by the Council, the governing body and the School's Academy Trust.
9. The aged creditor report dated 11/07/14 showed no outstanding financial liabilities owed by the school, however the invoice log showed a number of outstanding payments to be made to the school, which the school should recover.
10. The school has submitted timely VAT returns up to June 2014.
11. The school's procurement card was to be forwarded by the Finance Officer to the Schools Finance Team, however this may now be retained by the school until a new conversion date is agreed.

SIGNIFICANT FINDINGS

12. None

ACKNOWLEDGEMENT

13. Audit would like to thank staff contacted during this review for their help and co-operation.

SCHOOLS OPINION DEFINITIONS

APPENDIX A

As a result of their audit work auditors should form an overall opinion on the extent that actual controls within the school provide reasonable assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level

Definition

Full Assurance

There is a sound system of control designed to achieve all the system and school procedures objectives tested.

Substantial Assurance

While there is a basically sound system and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the schools finances. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to Governors, material income losses.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse.